



Client Advisory: Proposed Regulations on Qualified Opportunity Funds Released

As part of the Tax Cuts and Jobs Act signed into law in December 2017, new Section 1400Z-2 was added to the Internal Revenue Code to encourage investments in low-income communities through "Qualified Opportunity Funds." Under this new Section, taxpayers that sell certain appreciated assets and invest in Qualified Opportunity Funds may potentially (i) defer capital gain from the sale of the assets, (ii) reduce the deferred capital gain, and (iii) eliminate future gain arising out of appreciation in the Qualified Opportunity Fund investment.

Last Friday, October 19, 2018, the United States Department of Treasury released initial guidance on the rules for qualifying investments in Qualified Opportunity Funds, including Proposed Regulations and a Revenue Ruling. Below are links to the guidance issued by the Department of Treasury. We are currently reviewing the recently issued guidance and will send out an additional Client Alert with commentary.

Proposed Regulations: <https://www.irs.gov/pub/irs-drop/reg-115420-18.pdf>

Revenue Ruling 2018-29: <https://www.irs.gov/pub/irs-drop/rr-18-29.pdf>

IRS Form 8996: <https://www.irs.gov/pub/irs-dft/f8996--dft.pdf>

Instructions to IRS Form 8996: <https://www.irs.gov/pub/irs-dft/i8996--dft.pdf>

Where the Opportunity Zones are located: <https://www.irs.gov/pub/irs-irbs/irb18-28.pdf>

If you have questions regarding the contents of this Client Advisory or investments in Qualified Opportunity Funds, please contact any member of our team.



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